

## CHAPTER 14.—RESTAURANT GROUP OF CHAINS

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# THE RESTAURANT GROUP OF CHAINS

## INTRODUCTION

This is a report of the operations of the so-called restaurant chains, a group which includes seven distinct kinds of chains, of which service restaurants and cafeterias (self-service restaurants) constitute the principal business classifications.

Of the nearly \$300,000,000 of total business, cafeteria chains do one-third, service restaurants nearly one-third, and the balance is divided between lunch-room chains, lunch-counter chains, chains operating fountain lunches, those operating refreshment stands, and a few chains operating soft-drink stands. Refreshment-stand chains sell primarily bottled beverages, candy, nuts, and the delicatessen class of ready-to-serve foods, while chains operating soft-drink stands sell primarily citrus and pineapple drinks, candy, and nuts. Meals as such are a small factor with both of these kinds of chains, but meals constitute from 61 to 96 per cent of total receipts of the other kinds of chains described herein.

There are 288 chains in the restaurant group, operating 3,392 eating places or other units, with total receipts (in 1929) of \$298,969,460.

In this report they are analyzed first as a group, because of the fact that "restaurant chains" so often are referred to in financial and trade circles as if they all were in the same kind of business, and then each of the seven distinct kinds of chains is separately treated.

The 288 chains fall into the following classifications:

### SUMMARY—THE GROUP

	Chains	Units	Net sales (1929)
Restaurant group, totals.....	288	3,392	\$298,969,460
Restaurant chains (full-service restaurants).....	58	523	91,043,276
Cafeteria chains (self-serve restaurants).....	36	646	99,994,258
Lunch-room chains (table and counter service).....	82	714	39,770,293
Lunch-counter chains (counter service).....	52	652	27,244,642
Fountain-lunch chains (lunches and fountain drinks).....	14	297	32,460,153
Refreshment-stand chains (bottled beverages).....	31	406	6,228,969
Soft-drink chains (fruit drinks).....	15	154	2,227,869

Most chains of the restaurant group are local chains, operating their several units in and around some one city, but 32 are sectional and 8 are national chains.

These 40 sectional and national chains operate 1,504 of the total of 3,392 chain units, and do more than 50 per cent of the total business. Automats are classified as cafeterias. Sandwich shops are classified as lunch counters.

### OPERATING EXPENSES <sup>1</sup>

As a group, restaurants constitute a business of high operating expense compared with that of most kinds of retail business, because the "goods" sold are not sold in the same form in which they are purchased, and conversion of goods always involves expense additional to the usual operating expense. In the case of restaurants and most eating places, the principal purchase is that of supplies—raw

<sup>1</sup> Operating expenses in the restaurant business *exclude the cost of food*, but include the cost of its preparation or conversion into meals.

foods—rather than of salable commodities. In the typical service restaurants raw food costs perhaps one-half of each dollar received for meals, and 47 cents is required for preparing or converting the raw food into the edible form in which it is served, and the cost of serving the meals. The cost of labor (preparation, serving, operating) is more than one-half of the operating expense, and one-fourth of the dollar of sales. The cost to the public is more, because only a part of the cost of table service (waiters and waitresses) is paid by the restaurant, the greater part of the compensation being paid directly by the restaurant patron as a gratuity, or tip. Hence it appears neither as income nor as expense. This additional amount, varying with different classes of restaurants but generally believed to average close to 10 per cent of the amount of the check, may be added to the reported receipts of service restaurants as an estimate of the actual cost to the patron of meals purchased, and added to operating expense as an estimate of the actual cost of operation. Tables 4 and 5 provide detailed analyses of expenses.

It is essential to have this factor of additional expense in mind to understand the difference in the expense ratio between restaurant chains and cafeteria chains. Against 47.44 per cent for restaurant chains, the ratio for cafeteria chains is 40.66 but again the pay-roll cost is one-half of total expense. There is little table-service pay roll included in cafeteria expense, nor is there much included in restaurant expense. More of the sale dollar of cafeteria chains represents the cost of foodstuffs bought in the same form in which they are served, including bakery goods, salads, soups, and cooked meats.

Lunch-room chains operate at slightly less cost than cafeteria chains. The pay-roll cost is higher because some table service is provided (with a minimum of gratuities) and counter service makes up the bulk of the business, with even less gratuities to offset pay-roll expense. Lunch-counter service is even more expensive than cafeteria service. Both lunch-room chains and lunch-counter chains derive about 6 per cent of their total income from the sale of tobacco, candy, and fountain goods.

Fountain-lunch chains operate at an average expense ratio of 41.85 per cent, of which pay roll is about one-half. Refreshment-stand chains operate at an average expense ratio of 40.97 per cent, with high rent but relatively low pay-roll cost because more than one-half of their business is derived from the sale of bottled beverages requiring little preparation prior to serving.

On the other hand, chains operating soft-drink stands require more labor in preparation of their products at the point of sale, with a pay-roll ratio as high as in most restaurants, and they also require expensive locations. Rent and pay roll are almost equal in amount, and are almost the total expense. Of the average expense ratio of \$55.71 per \$100 of sales, \$22.29 is pay roll and \$24.20 is rent, leaving only \$9.22 for all other expenses.

#### SIZE OF CHAINS

In the restaurant group there are 4 chains of more than 100 units each, operating 533 restaurants, with total sales of \$59,161,236. There are 7 chains of 51 to 100 units each, operating 503 eating places with total sales of \$41,199,968. Other sizes of chains are shown in detail in Table 2 herein, which also analyzes them by volume of sales and shows the amount of sales in each of the nine geographic divisions of the country.

#### SIZE OF CITIES

About 93½ per cent of the total business of all chains in the restaurant group is in cities of more than 100,000 population. Only 1¼ per cent is in places smaller in size than 10,000 population. Of the 3,392 units, 2,864 are in cities of more

than 100,000; 262 in cities of 25,000 to 100,000; 77 in cities of 10,000 to 25,000, and 189 in smaller places. Table 8 herein shows the geographic divisions in which the chains operate, and the volume in each of four size-of-city classifications.

Nearly one-half of the total business is in the Middle Atlantic States, principally in and around New York. The Chicago area is second with 21 per cent, the Pacific coast third with 10½ per cent, and New England fourth with 10 per cent. Sales in all the five remaining divisions of the country aggregate little more than 10 per cent, or about the amount of sales in the three Pacific Coast States.

### EXPENSES VARY BY GEOGRAPHIC DIVISIONS

Not sufficient data are available to show the variation in expense by geographic divisions, except for restaurant chains and cafeteria chains. There are 46 organizations in the former, operating 319 units, which could be classified entirely in one of four divisions. There are 25 chains in the latter field, operating 334 units, which are local or sectional chains and so could be analyzed by geographic divisions.

This analysis of expenses is shown in Table 5. Three points stand out. One is that operating expenses are higher in and around Chicago than they are in and around New York, and that they are highest of all on the Pacific coast. Another is that rent also averages higher around Chicago than around New York, for locations occupied by restaurants and cafeterias. The third is that rent is cheaper on the Pacific coast than around Chicago, New York, or in New England, but pay-roll cost is much higher. Other significant comparisons are shown.

### AGE OF UNITS

Of the 3,392 units operated by the restaurant group of chains, 2,679 were analyzed according to date of establishment. Nearly one-half (46.8 per cent) had been in operation at least five years. Those established in the years 1925 to 1928, inclusive, constituted 36 per cent of the total. Only 17.2 per cent were established in 1929, and many of these were units of lunch-counter chains (sandwich shops) and soft-drink chains.

### SALES BY COMMODITIES

The error of discussing all the so-called "restaurant chains" in a group, as if they were in the same category, is illustrated graphically in the commodity table herein, where sales are broken down into commodities. This analysis (Table 6), which is shown separately for each of the seven kinds of chains composing the restaurant group of chains, also carries a total column for comparison.

It shows a wide difference between the seven kinds of chains, as to the relative importance of their receipts from the sale of meals and their receipts from other activities, especially from the sale of commodities in which there is no conversion in the process of sale—no change from the form in which the commodities are bought. Examples of the latter are bottled beverages, smokes, confectionery, and nuts. Since the process of conversion adds considerably to the operating expense, affecting the expense ratio and many other considerations, it is evident that the restaurant group of chains can not be regarded as a single classification, but must be divided according to the nature of the chains which constitute it.

Restaurant chains derive nearly 93 per cent of their total income from the sale of meals, at tables. The balance is chiefly from the sale of smokes, candy, nuts, and ice cream.



TABLE 2.—SALES CLASSIFIED ACCORDING TO SIZE OF CHAIN, BY SIZE OF CITY, GEOGRAPHIC DIVISION, TYPES OF OPERATION, AND VOLUME OF SALES—THE GROUP <sup>1</sup>

## A. BY SIZE OF CITY

[For analysis by cities in each geographic division, see Table 3]

[An (x) indicates that the amount must be withheld to avoid disclosure of individual operations, but it is included in the totals]

	TOTAL SALES, ALL CHAINS	CHAINS OF—				
		More than 50 units	26 to 50 units	11 to 25 units	6 to 10 units	Less than 6 units
UNITED STATES, total...	288 chains \$298,969,460	11 chains \$100,361,204	11 chains \$47,904,598	52 chains \$59,692,614	76 chains \$46,208,511	183 chains \$44,802,533
All cities having population of—						
More than 100,000.....	279,509,016	95,837,588	47,630,994	54,421,892	43,217,300	38,401,242
25,000 to 100,000.....	13,101,422	3,747,836	157,210	3,065,824	1,605,567	4,524,985
10,000 to 25,000.....	2,641,030	315,791	108,047	626,432	600,651	990,109
Less than 10,000.....	3,717,992	459,989	8,347	1,578,466	784,993	886,197

## B. BY GEOGRAPHIC DIVISIONS

[For number of units, see Table 7B]

UNITED STATES, total...	\$298,969,460	\$100,361,204	\$47,904,598	\$59,692,614	\$46,208,511	\$44,802,533
DIVISION						
New England.....	29,619,227	12,888,693	2,233,681	5,285,435	6,062,094	3,149,324
Middle Atlantic.....	147,904,619	62,897,780	35,395,037	24,956,209	11,009,683	13,645,910
East North Central.....	62,179,287	15,541,550	1,808,690	18,017,947	14,015,493	12,795,607
West North Central.....	12,596,682	2,658,852	602,562	1,831,872	3,362,861	4,140,535
South Atlantic.....	8,058,139	2,404,244	97,521	1,380,823	2,285,558	1,889,993
East South Central.....	2,856,741	1,178,031	94,634	229,986	428,556	925,534
West South Central.....	3,629,601	490,132	827,512	207,757	125,088	1,979,112
Mountain.....	822,945	(x)	(x)	70,263	314,645	349,566
Pacific.....	31,302,219	2,230,733	6,827,679	7,712,322	8,604,533	5,926,952

## C. BY TYPES OF OPERATION

ALL TYPES						
Number of chains.....	288	11	11	52	76	138
Number of units.....	3,392	1,036	370	817	572	597
Net sales (1929).....	\$298,969,460	\$100,361,204	\$47,904,598	\$59,692,614	\$46,208,511	\$44,802,533
Per cent of net sales.....	100.00	33.57	16.02	19.97	15.46	14.98
Average sales per unit.....	\$88,140	\$96,874	\$129,472	\$73,063	\$80,784	\$75,046
LOCAL CHAINS						
Number of chains.....	248	-----	7	36	71	134
Number of units.....	1,888	-----	221	555	533	579
Net sales (1929).....	\$147,449,989	-----	\$23,712,306	\$38,032,559	\$42,854,849	\$42,850,275
SECTIONAL CHAINS						
Number of chains.....	32	6	-----	<sup>2</sup> 17	5	4
Number of units.....	989	623	-----	309	39	18
Net sales (1929).....	\$98,591,416	\$52,341,537	-----	\$40,943,959	\$3,353,662	\$1,952,258
NATIONAL CHAINS						
Number of chains.....	8	5	-----	<sup>2</sup> 3	-----	-----
Number of units.....	515	413	-----	102	-----	-----
Net sales (1929).....	\$52,928,055	\$48,019,667	-----	\$4,908,388	-----	-----

<sup>1</sup> In this table the 7 kinds of chains (see text) are analyzed as a single group. Each is treated separately in subsequent tables herein.

<sup>2</sup> Includes 2 chains of more than 25 units which can not be shown separately without revealing individual operations, although they are correctly classified in the totals above.

TABLE 2.—SALES CLASSIFIED ACCORDING TO SIZE OF CHAIN, BY SIZE OF CITY, GEOGRAPHIC DIVISION, TYPES OF OPERATION, AND VOLUME OF SALES—THE GROUP—Continued

## D. BY VOLUME OF SALES

	TOTAL SALES, ALL CHAINS			CHAINS OF—			
	Per cent of total sales	Number of chains	Net sales (1929)	More than 50 units		26 to 50 units	
				Number of chains	Net sales (1929)	Number of chains	Net sales (1929)
UNITED STATES, total...	100.00	288	\$298,969,460	11	\$100,361,204	11	\$47,904,598
Chains with sales of—							
More than \$10,000,000....	34.94	5	104,451,212	4	85,197,761	1	(x)
\$5,000,000 to \$10,000,000...	7.77	4	23,222,350	—	—	2	12,448,298
\$2,500,000 to \$5,000,000....	18.51	16	55,347,515	2	7,869,298	3	12,792,984
\$1,000,000 to \$2,500,000....	17.19	34	51,402,194	4	6,845,323	1	(x)
\$500,000 to \$1,000,000.....	9.24	37	27,621,971	—	—	3	2,117,532
\$250,000 to \$500,000.....	7.76	63	23,203,516	1	(x)	—	—
\$100,000 to \$250,000.....	3.39	64	10,145,079	—	—	1	(x)
Less than \$100,000.....	1.20	65	3,575,623	—	—	—	—

  

	CHAINS OF—continued					
	11 to 25 units		6 to 10 units		Less than 6 units	
	Number of chains	Net sales (1929)	Number of chains	Net sales (1929)	Number of chains	Net sales (1929)
UNITED STATES, total.....	52	\$59,692,614	76	\$46,208,511	138	\$44,802,533
Chains with sales of—						
More than \$10,000,000....	—	—	—	—	—	—
\$5,000,000 to \$10,000,000.....	1	(x)	1	(x)	—	—
\$2,500,000 to \$5,000,000.....	9	28,471,366	1	(x)	1	(x)
\$1,000,000 to \$2,500,000.....	9	12,344,316	12	19,066,012	8	11,980,467
\$500,000 to \$1,000,000.....	10	7,879,020	13	9,263,142	11	8,362,457
\$250,000 to \$500,000.....	8	3,429,831	13	4,659,114	41	14,665,749
\$100,000 to \$250,000.....	11	1,795,481	22	3,576,533	30	4,646,628
Less than \$100,000.....	4	193,832	14	896,248	47	2,485,543

TABLE 3.—SALES CLASSIFIED BY KINDS OF CHAINS, TYPES AND SIZES

## A. RESTAURANT CHAINS

*[An (x) indicates that the amount must be withheld to avoid disclosure of individual operations]*

	Total, all chains	CHAINS OF—		
		More than 10 units	6 to 10 units	Less than 6 units
ALL TYPES				
Number of chains.....	58	10	14	34
Number of units.....	523	280	99	144
Net sales (1929).....	\$91,043,276	\$52,204,437	\$17,469,837	\$21,369,002
Per cent of net sales.....	100.00	57.34	19.19	23.47
Average sales per unit.....	\$174,079	\$186,444	\$176,463	\$148,396
LOCAL CHAINS				
Number of chains.....	52	6	13	33
Number of units.....	345	112	93	140
Net sales (1929).....	\$52,063,405	\$15,355,295	\$15,611,736	\$21,096,374
SECTIONAL AND NATIONAL CHAINS				
Number of chains.....	6	4	-----	1 <sup>2</sup>
Number of units.....	178	168	-----	(x)
Net sales (1929).....	\$38,979,871	\$36,849,142	-----	(x)

## B. CAFETERIA CHAINS

ALL TYPES				
Number of chains.....	36	14	6	16
Number of units.....	646	532	43	71
Net sales (1929).....	\$99,994,258	\$85,491,786	\$5,581,329	\$8,921,143
Per cent of net sales.....	100.00	85.50	5.58	8.92
Average sales per unit.....	\$154,790	\$160,699	\$129,798	\$125,650
LOCAL CHAINS				
Number of chains.....	30	8	6	2 <sup>16</sup>
Number of units.....	266	152	43	71
Net sales (1929).....	\$36,178,830	\$21,676,358	\$5,581,329	\$8,921,143
SECTIONAL AND NATIONAL CHAINS				
Number of chains.....	6	6	-----	-----
Number of units.....	380	380	-----	-----
Net sales (1929).....	\$63,815,428	\$63,815,428	-----	-----

## C. LUNCH-ROOM CHAINS

ALL TYPES				
Number of chains.....	82	19	17	46
Number of units.....	714	374	140	200
Net sales (1929).....	\$39,770,293	\$20,604,742	\$8,672,425	\$10,493,126
Per cent of net sales.....	100.00	51.81	21.81	26.38
Average sales per unit.....	\$55,701	\$55,093	\$61,946	\$52,466
LOCAL CHAINS				
Number of chains.....	71	11	14	46
Number of units.....	522	206	116	200
Net sales (1929).....	\$32,079,299	\$14,095,165	\$7,491,008	\$10,493,126
SECTIONAL CHAINS				
Number of chains.....	11	8	3	-----
Number of units.....	192	168	24	-----
Net sales (1929).....	\$7,690,994	\$6,509,577	\$1,181,417	-----

<sup>1</sup> Includes 1 chain of 6 units.<sup>2</sup> Includes 1 sectional chain of 5 units.

TABLE 3.—SALES CLASSIFIED BY KINDS OF CHAINS, TYPES, AND SIZES—  
Continued

## D. LUNCH-COUNTER CHAINS

*An (x) indicates that the amount must be withheld to avoid disclosure of individual operations]*

	Total, all chains	CHAINS OF—		
		More than 10 units	6 to 10 units	Less than 6 units
ALL TYPES				
Number of chains.....	52	14	18	20
Number of units.....	652	431	133	88
Net sales (1929).....	\$27,244,642	\$18,349,715	\$6,022,515	\$2,872,412
Per cent of net sales.....	100.00	67.35	22.11	10.54
Average sales per unit.....	\$41,786	\$42,575	\$45,282	\$32,641
LOCAL CHAINS				
Number of chains.....	45	8	17	20
Number of units.....	349	137	124	88
Net sales (1929).....	\$17,441,682	\$8,860,899	\$5,708,371	\$2,872,412
SECTIONAL AND NATIONAL CHAINS				
Number of chains.....	7	6	1	-----
Number of units.....	303	294	9	-----
Net sales (1929).....	\$9,802,960	\$9,488,816	\$314,144	-----

## E. FOUNTAIN-LUNCH CHAINS

ALL TYPES				
Number of chains.....	14	5	7	2
Number of units.....	297	230	59	8
Net sales (1929).....	\$32,460,153	\$25,557,100	\$6,731,331	\$171,722
Per cent of net sales.....	100.00	78.73	20.74	.53
Average sales per unit.....	\$109,293	\$111,118	\$114,090	\$21,465
LOCAL CHAINS				
Number of chains.....	9	1	7	1
Number of units.....	79	16	59	4
Net sales (1929).....	\$7,109,085	(x)	\$6,731,331	(x)
SECTIONAL AND NATIONAL CHAINS				
Number of chains.....	5	4	-----	1
Number of units.....	218	214	-----	4
Net sales (1929).....	\$25,351,068	(x)	-----	(x)

## F. REFRESHMENT-STAND CHAINS

ALL TYPES <sup>3</sup>				
Number of chains.....	31	7	10	14
Number of units.....	406	276	70	60
Net sales (1929).....	\$6,228,969	\$4,514,530	\$1,093,437	\$621,002
Per cent of total sales.....	100.00	72.48	17.55	9.97
Average sales per unit.....	\$15,342	\$16,357	\$15,621	\$10,350

## G. SOFT-DRINK CHAINS

ALL TYPES <sup>4</sup>				
Number of chains.....	15	5	4	6
Number of units.....	154	100	28	26
Net sales (1929).....	\$2,227,869	\$1,236,106	\$637,637	\$354,126
Per cent of total sales.....	100.00	55.48	28.62	15.90
Average sales per unit.....	\$14,467	\$12,361	\$22,773	\$13,620

<sup>3</sup> 30 local chains, 235 units; 1 sectional chain, 171 units.<sup>4</sup> 12 local chains, 97 units; 3 sectional and national chains, 57 units.

TABLE 4A.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—  
RESTAURANT CHAINS

[Restaurants with table service]

	Total, all chains	CHAINS OF—		
		More than 10 units	6 to 10 units	Less than 6 units
Net sales (1929).....	\$91,043,276	\$52,204,437	\$16,351,328	\$22,487,511
Number of chains.....	58	10	13	35
Units operated by local chains.....	345	112	86	147
Units operated by sectional chains.....	49	39	6	4
Units operated by national chains.....	129	129		
Operating expenses, total.....	\$43,193,782	\$26,644,216	\$6,855,382	\$9,694,184
Per \$100 of sales.....	47.44	51.04	41.93	43.11
Pay roll, total.....	\$22,802,192	\$13,985,604	\$3,525,423	\$5,291,165
Per \$100 of sales.....	25.04	26.79	21.56	23.53
Other store operating expenses, including rent.....	\$20,391,590	\$12,658,612	\$3,329,959	\$4,403,019
Per \$100 of sales.....	22.40	24.25	20.37	19.58
Rent in 504 leased premises, per \$100 of sales in such leased premises (included in figures on above line).....	9.14	10.36	7.78	7.27
Stock on hand, end of year, at cost.....	\$1,009,684	\$433,247	\$208,014	\$368,423
EMPLOYMENT DATA				
Full-time employees, total.....	22,237	13,389	3,838	5,010
Men.....	12,157	7,161	2,102	2,894
Women.....	10,080	6,228	1,736	2,116
Total pay roll.....	\$22,436,316	\$13,818,126	\$3,494,872	\$5,123,318
Part-time employees, total.....	883	474	69	340
Men.....	294	97	7	190
Women.....	589	377	62	150
Total pay roll.....	\$365,876	\$167,478	\$30,551	\$167,847

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold in the same form in which it is bought, nor the cost of foodstuffs used in the preparation of meals, nor profit.

TABLE 4B.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—CAFETERIA CHAINS

[Self-service restaurants]

	Total, all chains	CHAINS OF—			
		More than 25 units	11 to 25 units	6 to 10 units	Less than 6 units
Net sales (1929) .....	\$99,994,258	\$68,178,689	\$17,313,097	\$5,581,329	\$8,921,143
Number of chains .....	36	5	9	6	16
Units operated by local chains .....	261	58	94	43	66
Units operated by sectional chains .....	264	220	39	-----	5
Units operated by national chains .....	121	121	-----	-----	-----
Operating expenses, total .....	\$40,652,803	\$27,510,695	\$6,894,762	\$2,343,859	\$3,903,487
Per \$100 of sales .....	40.66	40.35	39.82	41.99	43.76
Pay roll, total .....	\$19,926,677	\$12,788,893	\$3,885,390	\$1,172,861	\$2,079,533
Per \$100 of sales .....	19.93	18.76	22.44	21.01	23.31
Other store operating expenses, including rent .....	\$20,726,126	\$14,721,802	\$3,009,372	\$1,170,998	\$1,823,954
Per \$100 of sales .....	20.73	21.59	17.38	20.98	20.45
Rent in 628 leased premises, per \$100 of sales in such leased premises (included in figures on above line) .....	7.28	7.12	7.75	7.49	7.42
Stock on hand, end of year, at cost .....	\$1,775,095	\$1,096,354	\$194,819	\$40,415	\$443,507
EMPLOYMENT DATA					
Full-time employees, total .....	20,310	12,699	4,114	1,299	2,198
Men .....	12,857	8,951	2,062	733	1,111
Women .....	7,453	3,748	2,052	566	1,087
Total pay roll .....	\$19,393,522	\$12,432,937	\$3,780,096	\$1,157,222	\$2,023,267
Part-time employees, total .....	1,602	1,116	215	68	203
Men .....	1,107	843	84	52	128
Women .....	495	273	131	16	75
Total pay roll .....	\$533,155	\$355,956	\$105,294	\$15,639	\$56,266

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold in the same form in which it is bought, nor the cost of foodstuffs used in the preparation of meals, nor profit.

TABLE 4C.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—LUNCH-ROOM CHAINS

	Total, all chains	CHAINS OF—			
		More than 25 units	11 to 25 units	6 to 10 units	Less than 6 units
Net sales (1929) .....	\$39, 770, 293	\$4, 101, 638	\$16, 503, 104	\$8, 672, 425	\$10, 493, 126
Number of chains .....	82	3	16	17	46
Units operated by local chains .....	522	71	135	116	200
Units operated by sectional chains .....	192	53	115	24	-----
Units operated by national chains .....	-----	-----	-----	-----	-----
Operating expenses, total .....	\$15, 704, 193	\$1, 747, 438	\$6, 344, 691	\$3, 461, 771	\$4, 150, 293
Per \$100 of sales .....	39. 49	42. 60	38. 45	39. 92	39. 55
Pay roll, total .....	\$8, 657, 815	\$803, 962	\$3, 434, 128	\$2, 037, 203	\$2, 382, 522
Per \$100 of sales .....	21. 77	19. 60	20. 81	23. 49	22. 70
Other store operating expenses, including rent .....	\$7, 046, 378	\$943, 476	\$2, 910, 563	\$1, 424, 568	\$1, 767, 771
Per \$100 of sales .....	17. 72	23. 00	17. 64	16. 43	16. 85
Rent in 571 leased premises, per \$100 of sales in such leased premises (included in figures on above line) .....	7. 02	10. 59	6. 70	6. 40	6. 70
Stock on hand, end of year, at cost .....	\$392, 335	\$31, 397	\$143, 409	\$60, 414	\$157, 115
EMPLOYMENT DATA					
Full-time employees, total .....	8, 012	670	3, 499	1, 761	2, 082
Men .....	5, 365	323	2, 338	1, 259	1, 445
Women .....	2, 647	347	1, 161	502	637
Total pay roll .....	\$8, 485, 368	\$803, 962	\$3, 367, 495	\$1, 993, 390	\$2, 320, 521
Part-time employees, total .....	479	-----	218	141	120
Men .....	396	-----	205	122	69
Women .....	83	-----	13	19	51
Total pay roll .....	\$172, 447	-----	\$66, 633	\$43, 813	\$62, 001

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold in the same form in which it is bought, nor the cost of foodstuffs used in the preparation of meals, nor profit.

TABLE 4D.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—LUNCH-COUNTER CHAINS

	Total, all chains	CHAINS OF—			
		More than 25 units	11 to 25 units	6 to 10 units	Less than 6 units
Net sales (1929).....	\$27, 244, 642	\$14, 036, 200	\$4, 313, 515	\$6, 022, 515	\$2, 872, 412
Number of chains.....	52	5	9	18	20
Units operated by local chains.....	349	33	104	124	88
Units operated by sectional chains.....	259	213	37	9	-----
Units operated by national chains.....	44	44	-----	-----	-----
Operating expenses, total.....	\$10, 195, 459	\$5, 009, 073	\$1, 662, 062	\$2, 363, 400	\$1, 160, 924
Per \$100 of sales.....	37.42	35.69	38.53	39.24	40.42
Pay roll, total.....	\$5, 612, 902	\$2, 564, 939	\$828, 919	\$1, 603, 192	\$615, 852
Per \$100 of sales.....	20.60	18.28	19.22	26.62	21.44
Other store operating expenses, including rent.....	\$4, 582, 557	\$2, 444, 134	\$833, 143	\$760, 208	\$545, 072
Per \$100 of sales.....	16.82	17.41	19.31	12.62	18.98
Rent in 601 leased premises, per \$100 of sales in such leased premises (included in figures on above line).....	7.00	6.96	12.46	3.49	8.12
Stock on hand, end of year, at cost.....	\$337, 961	\$82, 430	\$58, 975	\$176, 708	\$19, 848
EMPLOYMENT DATA					
Full-time employees, total.....	5, 883	2, 820	922	1, 467	674
Men.....	3, 955	2, 038	841	699	377
Women.....	1, 928	782	81	768	297
Total pay roll.....	\$5, 308, 959	\$2, 447, 051	\$716, 982	\$1, 575, 230	\$569, 696
Part-time employees, total.....	1, 027	406	348	141	132
Men.....	464	181	181	43	59
Women.....	563	225	167	98	73
Total pay roll.....	\$303, 943	\$117, 888	\$111, 937	\$27, 962	\$46, 156

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold in the same form in which it is bought, nor the cost of foodstuffs used in the preparation of meals, nor profit.

TABLE 4E.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—  
FOUNTAIN-LUNCH CHAINS

	Total, all chains	CHAINS OF—	
		More than 10 units	Less than 10 units <sup>2</sup>
Net sales (1929).....	\$32,460,153	\$25,230,846	\$7,229,307
Number of chains.....	14	4	10
Units operated by local chains.....	79	-----	79
Units operated by sectional chains.....	36	32	4
Units operated by national chains.....	182	182	-----
Operating expenses, total.....	\$13,583,947	\$11,780,207	\$1,803,740
Per \$100 of sales.....	41.85	46.69	24.95
Pay roll, total.....	\$7,043,512	\$6,113,292	\$930,220
Per \$100 of sales.....	21.70	24.23	12.87
Other store operating expenses, including rent.....	\$6,540,435	\$5,666,915	\$873,520
Per \$100 of sales.....	20.15	22.46	12.08
Rent in 293 leased premises, per \$100 of sales in such leased premises (included in figures on above line).....	8.10	8.46	6.86
Stock on hand, end of year, at cost.....	\$334,658	\$219,268	\$115,390
EMPLOYMENT DATA			
Full-time employees, total.....	6,104	5,165	939
Men.....	1,321	1,059	262
Women.....	4,783	4,106	677
Total pay roll.....	\$6,406,720	\$5,527,306	\$879,414
Part-time employees, total.....	1,405	1,286	119
Men.....	165	149	16
Women.....	1,240	1,137	103
Total pay roll.....	\$636,792	\$585,986	\$50,806

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold in the same form in which it is bought, nor the cost of foodstuffs used in the preparation of meals, nor profit.

<sup>2</sup> Includes 2 fountain-lunch chains of less than 6 units.

TABLE 4F.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—  
REFRESHMENT-STAND CHAINS

	Total, all chains	CHAINS OF—		
		More than 10 units	6 to 10 units	Less than 6 units
Net sales (1929) .....	\$6, 228, 969	\$4, 514, 530	\$1, 093, 437	\$621, 002
Number of chains .....	31	7	10	14
Units operated by local chains .....	235	105	70	60
Units operated by sectional chains .....	171	171		
Units operated by national chains .....				
Operating expenses, total .....	\$2, 551, 767	\$1, 875, 718	\$359, 161	\$316, 888
Per \$100 of sales .....	40.97	41.55	32.85	51.03
Pay roll, total .....	\$931, 798	\$639, 441	\$162, 096	\$130, 261
Per \$100 of sales .....	14.96	14.16	14.83	20.98
Other store operating expenses, including rent .....	\$1, 619, 969	\$1, 236, 277	\$197, 065	\$186, 627
Per \$100 of sales .....	26.01	27.39	18.02	30.05
Rent in 297 leased premises, per \$100 of sales in such leased premises (included in figures on above line) .....	23.26	24.47	17.47	22.62
Stock on hand, end of year, at cost .....	\$100, 341	\$44, 218	\$23, 882	\$32, 241
EMPLOYMENT DATA				
Full-time employees, total .....	1, 147	764	200	183
Men .....	933	674	153	106
Women .....	214	90	47	77
Total pay roll .....	\$893, 505	\$615, 725	\$158, 253	\$119, 527
Part-time employees, total .....	242	113	56	73
Men .....	162	57	54	51
Women .....	80	56	2	22
Total pay roll .....	\$38, 293	\$23, 716	\$3, 843	\$10, 734

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold nor profit.

TABLE 4G.—OPERATING EXPENSES<sup>1</sup> CLASSIFIED BY SIZE OF CHAIN—  
SOFT-DRINK CHAINS

	Total, all chains	CHAINS OF—		
		More than 10 units	6 to 10 units	Less than 6 units
Net sales (1929).....	\$2, 227, 869	\$1, 236, 106	\$637, 637	\$354, 126
Number of chains.....	15	5	4	6
Units operated by local chains.....	97	48	28	21
Units operated by sectional chains.....	18	13	-----	5
Units operated by national chains.....	39	39	-----	-----
Operating expenses, total.....	\$1, 241, 136	\$739, 521	\$315, 908	\$185, 707
Per \$100 of sales.....	55.71	59.83	49.54	52.44
Pay roll, total.....	\$496, 587	\$268, 457	\$114, 681	\$113, 449
Per \$100 of sales.....	22.29	21.72	17.98	32.04
Other store operating expenses, including rent.....	\$744, 549	\$471, 064	\$201, 227	\$72, 258
Per \$100 of sales.....	33.42	38.11	31.56	20.40
Rent in 128 leased premises, per \$100 of sales in such leased premises (included in figures on above line).....	24.20	26.81	25.65	11.72
Stock on hand, end of year, at cost.....	\$40, 582	\$8, 659	\$14, 905	\$17, 018
EMPLOYMENT DATA				
Full-time employees, total.....	616	238	112	266
Men.....	417	150	97	170
Women.....	199	88	15	96
Total pay roll.....	\$490, 128	\$267, 957	\$114, 038	\$108, 133
Part-time employees, total.....	15	4	1	10
Men.....	13	4	1	8
Women.....	2	-----	-----	2
Total pay roll.....	\$6, 459	\$500	\$643	\$5, 316

<sup>1</sup> The compilation of expense includes no return on capital invested in merchandise, fixtures, or accounts. Expenses do not include, of course, the cost of merchandise sold nor profit.

TABLE 5.—OPERATING EXPENSES BY GEOGRAPHIC DIVISIONS—RESTAURANT CHAINS AND CAFETERIA CHAINS

(Includes only chains operating in a single geographic division)

## A. RESTAURANT CHAINS

DIVISION	Number of chains	Number of units	Net sales (1929)	TOTAL REPORTED EXPENSES		Number of employees	PAY ROLL		OTHER STORE OPERATING EXPENSES, INCLUDING RENT		Rent in leased premises, per \$100 of sales in such premises (included in figures in preceding column)
				Amount	Per \$100 of sales		Amount	Per \$100 of sales	Amount	Per \$100 of sales	
Total.....	46	319	\$50,988,636	\$22,442,857	44.02	11,752	\$12,180,786	23.89	\$10,262,071	20.13	(90¢ stores) 7.97
New England.....	3	16	1,427,497	587,808	41.18	342	330,953	23.19	256,855	17.99	7.36
Middle Atlantic.....	14	71	15,156,734	6,242,878	41.19	3,253	3,186,380	21.02	3,056,498	20.17	7.94
East North Central.....	17	114	16,990,970	7,314,387	43.05	3,958	3,901,121	22.96	3,413,266	20.09	8.80
Pacific.....	12	118	17,414,435	8,297,784	47.65	4,199	4,762,332	27.35	3,535,452	20.30	7.24

## B. CAFETERIA CHAINS

DIVISION	Number of chains	Number of units	Net sales (1929)	TOTAL REPORTED EXPENSES		Number of employees	PAY ROLL		OTHER STORE OPERATING EXPENSES, INCLUDING RENT		Rent in leased premises, per \$100 of sales in such premises (included in figures in preceding column)
				Amount	Per \$100 of sales		Amount	Per \$100 of sales	Amount	Per \$100 of sales	
Total.....	25	334	\$61,798,224	\$24,756,274	40.06	13,087	\$12,454,432	20.15	\$12,304,842	19.91	(\$19 stores) 6.36
New England.....	3	26	3,911,936	1,621,685	41.45	920	842,805	21.54	778,880	19.91	7.00
Middle Atlantic.....	11	241	50,203,431	19,703,735	39.25	9,923	9,771,172	19.46	9,932,563	19.79	6.18
East North Central.....	7	47	4,609,201	2,162,346	46.91	1,400	1,182,318	25.65	980,028	21.26	8.74
West North Central.....	4	20	3,073,656	1,271,508	41.37	844	658,137	21.41	613,371	19.96	4.97

TABLE 6.—SALES BY COMMODITIES

	SALES BY—							
	Total, all chains <sup>1</sup>	Restaurant chains (table service)	Cafeteria chains (self-service)	Lunch-room chains (tables and counter)	Lunch-counter chains	Fountain-lunch chains	Refreshment-stand chains	Soft-drink chains
Net sales (1929).....	\$298,969,460	\$91,043,276	\$99,994,258	\$39,770,293	\$27,244,642	\$32,460,153	\$6,228,969	\$2,227,869
Less amount which can not be broken down into commodities.....	4,940,970	95,641	392,957	443,738	2,213,770	1,794,864		
Sales further analyzed.....	294,028,490	90,947,635	99,994,258	39,377,336	26,800,904	30,246,383	4,434,105	2,227,869
Commodities.....	Per cent 100.00	Per cent 100.00	Per cent 100.00	Per cent 100.00	Per cent 100.00	Per cent 100.00	Per cent 100.00	Per cent 100.00
Apple juice and apples.....	.08							.95
Citrus and pineapple drinks.....	.48							64.85
Grape beverages.....	.05							6.41
Root beer.....	.02							3.08
Bottled beverages.....	1.42	.10		.38	1.83			6.46
Soft drinks (not described).....	.08			.18				0.91
Bakery products, fresh.....	1.45	.84	.75	.09	.03	8.59		
Cigars, cigarettes, and tobacco.....	2.00	2.18	1.34	3.45	3.47	.34	2.46	3.18
Confectionery and nuts.....	3.50	1.94	.11	2.39	.43	19.26	17.30	8.46
Deli-cassens, ready-to-serve foods.....	.62	.08	.02	.02	3.34		13.80	
Fountain sales, ice cream, and lunches.....	3.37	1.51	.02	2.26	1.98	21.07	6.59	
Milk and cream.....	.07	.06		.13	.05	.32		
Receipts from sale of meals <sup>2</sup> .....	86.11	92.80	96.78	90.36	87.21	50.33	2.26	.16
Service.....	.14	.43		.01				
Drugs and toiletries.....	.01		.01		1.00	.09	.27	
Groceries.....	.12	.06		.01				
Meats, including poultry.....	.06			.01				
Nonfood products.....	.42		.99	.72			.06	

<sup>1</sup> See explanation on page 187 giving reason for including this total column.

<sup>2</sup> Some lunch sales included with fountain sales.

TABLE 7.—UNITS CLASSIFIED BY SIZE OF CHAIN, DATE OF ESTABLISHMENT, AND GEOGRAPHIC DIVISIONS—THE GROUP

## A. BY DATE OF ESTABLISHMENT

	Per cent of total units	Total units, all chains	UNITS IN CHAINS OF—					
			More than 100 units	51 to 100 units	26 to 50 units	11 to 25 units	6 to 10 units	Less than 6 units
Total, all units.....		3,392	533	503	370	817	572	597
Less—Unable to classify.....		713	129	182	162	240		
Number analyzed.....	100.0	2,679	404	321	208	577	572	597
Established:								
In 1929.....	17.2	461	26	114	64	49	97	111
1925 to 1928.....	36.0	963	137	137	100	181	189	219
Previous to 1925.....	46.8	1,255	241	70	44	347	286	267

## B. BY GEOGRAPHIC DIVISIONS

[For dollars of sales, see TABLE 2B.]

UNITED STATES, total.....	100.00	3,392	533	503	370	817	572	597
DIVISION								
New England.....	7.19	244	115	8	6	30	34	51
Middle Atlantic.....	33.99	1,153	278	200	182	212	144	137
East North Central.....	26.56	901	85	199	39	325	123	130
West North Central.....	9.29	315	13	66	41	55	60	80
South Atlantic.....	4.84	164	22	18	4	28	63	29
East South Central.....	2.06	70	9	8	3	3	16	31
West South Central.....	3.69	125	3	4	39	8	24	47
Mountain.....	1.56	53	1		1	20	17	14
Pacific.....	10.82	367	7		55	136	91	78

TABLE 8.—SALES CLASSIFIED BY SIZE OF CITY AND GEOGRAPHIC DIVISIONS—  
THE GROUP

DIVISION AND SIZE OF CITY	Per cent of total sales	Total sales, all chains
UNITED STATES, total.....	100.00	\$298,969,460
All cities having population of—		
More than 100,000.....	93.49	279,509,016
25,000 to 100,000.....	4.38	13,101,422
10,000 to 25,000.....	.88	2,641,030
Less than 10,000.....	1.25	3,717,992
NEW ENGLAND, total.....	100.00	29,619,227
Cities having population of—		
More than 100,000.....	91.18	27,007,851
25,000 to 100,000.....	7.19	2,130,388
10,000 to 25,000.....	1.09	322,841
Less than 10,000.....	.54	158,147
MIDDLE ATLANTIC, total.....	100.00	147,904,619
Cities having population of—		
More than 100,000.....	96.16	142,222,421
25,000 to 100,000.....	2.51	3,709,811
10,000 to 25,000.....	.89	1,319,795
Less than 10,000.....	.44	652,592
EAST NORTH CENTRAL, total.....	100.00	62,179,287
Cities having population of—		
More than 100,000.....	95.90	59,633,558
25,000 to 100,000.....	2.78	1,726,880
10,000 to 25,000.....	.24	149,839
Less than 10,000.....	1.08	669,010
WEST NORTH CENTRAL, total.....	100.00	12,596,682
Cities having population of—		
More than 100,000.....	86.16	10,853,586
25,000 to 100,000.....	7.28	917,064
10,000 to 25,000.....	1.53	192,323
Less than 10,000.....	5.03	633,709
SOUTH ATLANTIC, total.....	100.00	8,058,139
Cities having population of—		
More than 100,000.....	71.65	5,773,635
25,000 to 100,000.....	18.39	1,482,214
10,000 to 25,000.....	1.41	113,231
Less than 10,000.....	8.55	689,059
EAST SOUTH CENTRAL, total.....	100.00	2,856,741
Cities having population of—		
More than 100,000.....	93.85	2,681,191
25,000 to 100,000.....	4.58	130,762
10,000 to 25,000.....		
Less than 10,000.....	1.57	44,788
WEST SOUTH CENTRAL, total.....	100.00	3,629,601
Cities having population of—		
More than 100,000.....	87.10	3,161,378
25,000 to 100,000.....	7.94	288,094
10,000 to 25,000.....	1.18	42,791
Less than 10,000.....	3.78	137,338
MOUNTAIN, total.....	100.00	822,945
Cities having population of—		
More than 100,000.....	20.81	171,278
25,000 to 100,000.....	4.54	37,342
10,000 to 25,000.....	26.20	215,591
Less than 10,000.....	48.45	398,734
PACIFIC, total.....	100.00	31,302,219
Cities having population of—		
More than 100,000.....	89.46	28,004,118
25,000 to 100,000.....	8.56	2,678,867
10,000 to 25,000.....	.91	284,619
Less than 10,000.....	1.07	334,615